MEMO

To: Housing Methodology Committee (HMC)
From: ABAG Staff
Date: January 4, 2007
Subject: Alternative RHNA Allocation Methodologies

Background

On November 16, 2006, ABAG's Executive Board authorized the release of the Housing Methodology Committee's draft methodology for the Regional Housing Needs Allocation (RHNA) for 2007-2014. The release of the methodology opened a 60-day public comment period. The comment period will close on January 18, 2007. On that date, staff will bring to the Executive Board recommendations for the final RHNA methodology.

Thus far, comments received on the draft RHNA method are predominately on the weighted factors component of the methodology. Local jurisdictions have expressed concern with the use of both existing and planned transit as factors in the methodology. Some believe that this factor unfairly burdens those jurisdictions with either existing or planned transit, especially those cities with multiple transit stations.

Staff has developed three alternative scenarios for the HMC and ABAG Executive Board's consideration on January 18th. The alternative scenarios include 1) a reduced transit factor; 2) existing transit only; and 3) no transit. This staff report describes these alternatives and the anticipated impact to local housing allocations.

Alternative RHNA Scenarios

The HMC identified three broad categories of factors to be considered for inclusion in the RHNA methodology, including housing, employment and access to public transit (existing and planned).

Draft Recommendation

The weighted factors in the draft allocation methodology, as recommended by the HMC are:

- Household Growth, 40 percent;
- Employment Growth, 20 percent,
- Existing Employment, 20 percent
- Household Growth near Transit, 10 Percent;
- Employment Growth near Transit, 10 Percent

As expressed in the public comments received thus far, the transit component of this allocation scenario is a point of contention for many jurisdictions in the Bay Area. The HMC and ABAG staff agreed, however, that a factor that directs growth to areas with public transit could benefit the region. Growth near transit could improve regional and interregional commuting, reduce vehicle miles traveled, and therefore lower carbon emissions and greenhouse gases.

In response to the concerns over the transit component of the allocation method, staff has developed three alternative scenarios. The alternative allocation scenarios reduce the weight of the transit factor, remove planned transit, and remove transit altogether as a factor in the methodology.

Alternative 1: Reduced Transit
This scenario reduces the weight of the transit factor in the methodology. In addition, planned transit is removed from consideration. Only existing transit stations, fixed rail and ferry, are included. As a result, household growth, existing jobs and employment growth receive a greater weight in the allocation formula.

Under this scenario, the weighted factors are:

- Household Growth, 45 percent;
- Employment Growth, 22.5 percent,
- Existing Employment, 22.5 percent
- Household Growth near Transit, 5 Percent;
- Employment Growth near Transit, 5 Percent

The effect of reducing transit's weight in the allocation and removing planned transit is that many jurisdictions with transit, including Oakland, San Francisco, Berkeley and similar cities, would see their allocations reduced over the draft method numbers. Allocations would go up in cities with high levels of expected household growth and/or where there are no or few transit stations, including Brentwood, Antioch, Oakley, and the northern rural counties of Napa, Solano, and Sonoma.

Because household growth is weighted more heavily in this scenario, in many of the jurisdictions with planned transit, anticipated increases in household growth would offset any reduction that removing the planned transit option would have had. Therefore, most jurisdictions with planned transit would see their allocations go up over the draft allocation numbers. These jurisdictions include Brentwood, Antioch, Oakley, and Santa Rosa.

Alternative 2: Existing Transit Only
This scenario keeps the same weights for each factor as the draft method; however planned transit is removed from consideration - only existing transit is included.

Under this scenario, the weighted factors are:

- Household Growth, 40 percent;
- Employment Growth, 20 percent,
- Existing Employment, 20 percent
- Household Growth near Existing Transit, 10 Percent;
- Employment Growth near Existing Transit, 10 Percent

The effect of removing planned transit and only including existing transit is that jurisdictions with planned transit would see their allocation go down, compared to the draft allocation numbers. These jurisdictions include Brentwood, Antioch, Oakley, and the northern rural counties of Marin and Sonoma. Jurisdictions with existing transit, especially multiple transit stations, would see their allocation increase, including Oakland, San Francisco, Berkeley, El Cerrito, and San Leandro.

Alternative 3: No Transit
This scenario removes transit from the allocation methodology. The effect is that household growth and employment would be given greater weight. The effect of removing transit would be that jurisdictions

with transit, including Oakland, San Francisco, and Berkeley, and similar cities, would see their allocations reduced over the draft method numbers. Allocations would go up in cities with high levels of expected household growth and/or where there are no or few transit stations, including San Jose, Brentwood, Antioch, Oakley, and the northern rural counties of Napa, Solano, Marin and Sonoma.

Under this scenario, the weighted factors are:

- Household Growth, 50 percent;
- Employment Growth, 25 percent,
- Existing Employment, 25 percent

Summary

The scenarios described above demonstrate the various effects transit has as a factor on the RHNA allocation methodology. Staff recommends that the HMC consider these effects and come to a consensus recommendation for the ABAG Executive Board on how transit should be incorporated into the RHNA methodology.